

STANDARD INDUSTRIAL CLASSIFICATION
2030 BANKS AND BANKING
8000-8099
8000



BANCOHIO CORPORATION / 1967 ANNUAL REPORT

HIGHLIGHTS OF THE YEAR

FOR THE YEAR

	1967	1966
Net Operating Income	\$ 11,288,021	\$ 10,065,156
Per Share	2.63	2.35
Cash Dividends	3,548,606	3,054,187
Per Share	.83	.71
Stock Dividend	4%	4%

AT THE YEAR END

Total Assets	\$1,241,347,850	\$1,108,552,246
Deposits	1,077,002,585	969,744,704
Loans, Less Reserves	584,408,110	576,754,068
Capital Funds	93,923,910	83,030,518
Book Value Per Share	21.89	19.36

The accrual method of accounting was adopted in 1967. This change and certain other adjustments resulted in increasing book value at January 1, 1967 by 77¢ per share and increasing net operating income by approximately 10¢ per share. The 1966 amounts have not been restated but the differences are not considered to be material.

All per share amounts have been adjusted to reflect the 4% stock dividend declared in November 1967.

TO OUR SHAREHOLDERS

It is gratifying to report to the 8,227 BancOhio shareholders that net operating income, assets at the year end, and capital funds all recorded significant increases in 1967. The 10-year financial summary on page 10 documents gains achieved in loans, deposits, and capital funds in each successive year; only one year records a slight decrease in net operating income; dividends were increased in each of the ten years, with the 1967 payments per share 130% greater than the 1958 distributions.

In the past year, financial institutions generally were beset by unusual problems, primarily resulting from the effects of recurring imbalances in national monetary and fiscal affairs and international financial relationships. As a part of the essential nature of their business, banks made forward commitments on interest rates and lines of credit to customers although minimal means existed for hedging against the fluctuating future costs incurred in holding or acquiring the funds to meet those commitments. The difficulties were compounded by the failure of the Administration, the Federal Reserve Board, and the Congress to act in concert in the formulation of policies dealing with fiscal and monetary matters, an essential for continuity of financial stability.

As an illustration of technical banking problems involved in fund management, maintenance of a flexible short-term investment position, and a correlation of a satisfactory income yield structure in relation to the varying costs of deposits and other purchased bank credit, the market price of 91 day U. S. Treasury bills (the bellwether of the short-term money market) fluctuated at intervals during the year to reflect a yield basis of 5.12% at the highest point to 3.38% at the lowest. The differential, 1.74%, may not at first appear to be of major consequence. However, when it is noted that net earnings of about 9/10ths of 1 per cent on total assets administered is an excellent banking performance, the impact of the yield variations just recited becomes much more apparent. For commercial banks these factors are applicable to about 50% of their assets and deposits, the proportion generally considered to be especially sensitive to short-term financial developments.

As of this writing, the reasonably clear-cut consensus of economists and the financial fraternity is an anticipation of increased production, rising price levels, more federal government deficit spending, all of which imply inevitable expansion of credit. This, in turn, means greater working capital requirements for all business, further expansion of short- and long-term debt financing, and concurrently expanded bank deposits. The implications are that bank assets, deposits, gross earnings, and operating expenses will more or less automatically respond to and be commensurate with the economic results of inflationary developments. For bank management, the challenge is a necessity for efficient management and investment of available funds, and the effective control of operating expenses as prerequisites to the maintenance of profit margins.

As to the BancOhio banks and their prospects for the coming years, we have several very good things going. First, an extremely good capital position, built up over the years from substantial retained net earnings, with minimal dilution in the shareholders' equities resulting from premium payments for expansion or acquisitions. Over one hundred million dollars of capital and reserves provide a sound base to support a continuance of the history of growth in assets, customers, services, and profits experienced since the date of incorporation in 1929. Second, the interest and support of a large and cohesive group of shareholders, concentrated in the affiliated banks' service areas, who have historic interest in the development of the banks presently components of BancOhio. Third, a tested, experienced nucleus of competent and devoted men and women, effective stewards of the financial affairs conducted by the banks for their communities; and finally, an outstandingly favorable operating area that provides an expanding market for financial services.

As the contents of this report imply, we believe that BancOhio banks are well situated in every respect to give a good account of themselves in 1968.

February 12, 1968

DERROL R. JOHNSON
President

FINANCIAL REVIEW

EARNINGS

Gross revenues which were at a record level in 1967, reaching \$56,095,294 against \$47,919,361 in the previous year, were derived from the following sources:

Interest on loans	60%
Interest and dividends on securities:	
U.S. Treasury	12
State and municipal	13
Other	6
Service charges on deposit accounts	5
Other operating income	4
	<hr/> 100%

Operating expenses also increased, from \$33,503,809 in 1966 to \$40,726,426 in the current year. As in recent years, the major increase was incurred in interest costs, a result of growth in time deposits and generally higher interest rates prevailing throughout the year. Interest payments increased \$5,295,385 this year. Salaries and retirement benefits were up \$989,155 over 1966 reflecting a growth in business, normal salary increments and the rise in prevailing wage scales. Other categories of expense showed modest increases over the previous year.

Provision for income taxes on operating income decreased slightly from \$4,203,869 in 1966 to \$3,920,522 primarily as a consequence of increased holdings of tax exempt bonds.

A record high for net operating income was also recorded at \$11,288,021 or \$2.63 per share, up from \$10,065,156 or \$2.35 per share in 1966. Approximately 10¢ per share of this increase resulted from the change to the accrual accounting method.

DIVIDENDS

Cash dividends were increased in 1967 to \$3,548,606 or 83¢ per share, an increase of 16.9% over the \$3,054,187 or 71¢ per share paid in the preceding year. Taking into consideration the four per cent stock dividend distributed to shareholders of record November 25, 1967, the current quarterly dividend rate of 23¢ a share represents a 19.6% increase over the rate of one year ago.

CAPITAL FUNDS

At year-end capital funds totaled \$93,923,910 or \$21.89 per share, up from \$83,030,518 and \$19.36 per share at December 31, 1966. A portion of this increase, \$3,288,551 or 77¢ per share, resulted from restating the capital accounts as of the beginning of the year to properly reflect the adoption of the accrual accounting method and associated adjustments in 1967. Excluding the effect of the restatement, book value increased by \$1.76 per share during 1967 compared to an increase of \$1.36 in 1966, notwithstanding an increase in cash dividends paid of 12¢ a share. When loan reserves, which amount to \$12,543,916 at December 31, 1967, are added to capital funds, total funds at work for the shareholders amount to \$24.81 per share. While such reserves are provided against possible future loan losses, current balances are available for investment since all known uncollectible credits are charged off as recognized.

A four per cent stock dividend totaling 165,053 shares was distributed to shareholders of record on November 25, 1967. In addition, 747 shares were issued to acquire shares of stock of an affiliated bank from minority shareholders.

ACCOUNTING CHANGES

In 1967 the accrual method of accounting was adopted throughout the BancOhio organization. Memorandum accruals had been maintained since the inception of the Corporation as a management information system, however, the accounting records of the subsidiary banks were converted to the accrual method to facilitate the preparation of financial reports to shareholders and comparisons of our financial statements with others in the banking industry.

In May, 1967 the Comptroller of the Currency promulgated regulations whereby national banks with total resources in excess of minimum amounts are required to prepare all financial statements on the basis of accrual accounting beginning in 1968. It is expected that the accounting changes as adopted will meet the requirements of these regulations.

The resulting effect of the accounting changes and related adjustments was to increase the capital structure of the Corporation as of January 1, 1967 by \$3,288,551 or 77¢ per share and to increase net operating income by approximately 10¢ per share in the current year.

DEPOSITS

Total deposits of the affiliated banks stood at \$1,077,002,585 at the year-end, an increase of \$107,257,881 or 11.1 per cent over 1966. Demand deposits, which declined \$11,154,838 in the previous year, recorded an increase for 1967 of \$37,787,258, or 7.7 per cent. Time deposits continued to be the category of greatest growth as they increased \$69,470,623 in 1967, or 14.5 per cent, and now total more than demand deposits. Despite increasing interest costs, the affiliated banks are continuing to compete for time deposits as the funds acquired at present rates can be profitably employed.

The deposit figures include \$9,757,272 obtained through the acquisition by The Hocking Valley National Bank of Lancaster of the business of The First National Bank of Baltimore.

LOANS

In 1967, there was a significant abatement in demands for credit from the exceptionally high volume of the previous year concurrent with the monetary authorities supplying a larger quantity of lendable funds to the banking system. However, the affiliated banks were able to record a modest increase in loans for the year as the combined loan account totaled \$584,408,110 at December 31st compared to \$576,754,068 a year ago. Moderate improvement in the housing industry produced a greater amount of mortgage financing in which the banks could participate with the result that mortgage loans increased \$11,096,658 to a total of \$174,621,868 at the year-end. The volume of consumer installment financing remained steady throughout most of the year; consequently the banks' outstanding Baneplan loans, net of repayments, were \$130,218,126 for an increase of \$7,857,694 from the end of 1966. Commercial loans at the year-end were \$212,995,819 after a decrease for the year of \$19,925,005 which was principally the result of reduced usage of credit lines from the peak experienced in the fourth quarter of 1966, and from a decrease in loans to brokers and dealers in securities.

INVESTMENTS

The consolidated investment accounts of the Corporation and affiliated banks totaled \$434,106,259 at December 31, 1967 which was \$82,210,494 greater than the December 31, 1966 total. The composition of the accounts was not changed materially during the year although there were net additions to the U. S. Treasury and Municipal accounts, and there was a small net reduction in Federal agency securities. Interest rates fluctuated over a wide range during the year, and in this environment it was possible to improve the average rate of return on investments without material change in the average maturity of the account, and to maintain a strong liquid position in various short-term securities.

Profits of \$478,875 were realized from securities transactions during 1967; after provision for \$151,095 in taxes, \$228,348 were credited to the valuation reserve for market depreciation and \$99,432 were credited to capital accounts. After the credit to bond valuation reserve, this account totaled \$1,879,835 at the year-end.

CAPITAL EXPENDITURES

To provide banking service commensurate with the growth in population and economic activity in the BancOhio trade area, it was necessary to add, expand, and improve physical facilities of the banks in 1967. The Ohio National Bank of Columbus established two new branch offices, Morse-Maize serving the far northern section of Columbus, and Henderson Road serving the far northwest section. Kenton Savings Bank opened a new drive-in branch office. The Farmers and Merchants Bank of Logan and The First National Bank of Washington Court House have new branch offices under construction which will be open for business within a few weeks. A site has been acquired for a new building for The First National Bank of London with construction to start in 1968. In addition, extensive improvements have been made to existing buildings, and property has been acquired for seven projects involving new offices or expansion of existing facilities. Total capital expenditures for the year exceeded \$1,000,000.

PERSONNEL

The growth and progress of the Corporation and affiliated banks amply reflect the dedication, industry, and leadership of our notably capable staff consisting of 2,257 employees, including 266 officers. Our policy of continually developing qualified management personnel was evident in the appointment of 22 new officers and 46 officer promotions during the year.

Banking operations benefitted materially from the proficient guidance and manifold skills of 261 bank directors whose contributions are invariably essential for new achievements.

In the current year one new presidential appointment has been made. On January 9, 1968, Mr. Walter C. Mercer was elected President of The Ohio National Bank to succeed Mr. Leland A. Stoner who was elected Chairman of the Board and Chief Executive Officer.

RECENT DEVELOPMENTS

In May, 1967, The Hocking Valley National Bank of Lancaster acquired the business of The First National Bank of Baltimore. At the date of consolidation, total resources of the Lancaster bank were increased \$10,191,596. The offices of the former First National Bank in Baltimore and Pleasantville are now operated as branch offices of The Hocking Valley National Bank.

During 1967, The Ohio National Bank experienced a significant increase of volume of work processed by its computer center. The bank is now processing checking accounts, installment loans and transit operations; also, checking accounts and installment loans for 13 other BancOhio banks. The bank is also supplying computer services to a rapidly increasing number of its customers. Additional equipment is on order which will enlarge the scope of computer processing and effect savings in operating costs in future years.

The Trust Department of The Ohio National Bank experienced record growth in 1967 as the number of active trust accounts increased by 18% with all phases of the business participating in the growth. The Trust Department is now using an electronic computer for various elements of its operations as a means to improve efficiency, and to provide improved service to all trust customers.

The Ohio National Bank formed an International Banking Department, the first such facility in the Central Ohio area. With the expansion of activity in international trade, many bankers, manufacturers and distributors have expressed a gratifying interest in the services of this department.

BancOhio Corporation and Affiliated Banks

CONSOLIDATED BALANCE SHEET

	December 31,	
	1967	1966
ASSETS		
Cash and due from banks	\$ 203,021,346	\$ 166,476,329
Securities, at amortized cost		
U. S. Treasury securities, less		
\$1,879,835 reserve (1966 -		
\$1,651,486)	178,173,783	124,590,011
State and municipal bonds	218,929,495	188,626,050
Other bonds and securities	37,002,981	38,679,704
Stock in Federal Reserve Bank	2,250,000	1,915,500
Loans, less \$12,543,916 reserves		
(1966 - \$12,134,426)	584,408,110	576,754,068
Banking premises and equipment, less		
depreciation	11,358,030	11,130,906
Other assets	6,204,105	379,678
	<u>\$1,241,347,850</u>	<u>\$1,108,552,246</u>
LIABILITIES		
Demand deposits	\$ 529,706,190	\$ 491,918,932
Time deposits	547,296,395	477,825,772
Total deposits	1,077,002,585	969,744,704
Federal Reserve Bank deferred credits	14,619,370	17,993,386
Unearned income	17,549,246	16,300,916
Other liabilities	37,006,554	20,325,428
Minority interest in affiliated banks	1,246,185	1,157,294
Capital and surplus:		
Capital stock (Note 2)	28,609,310	27,503,980
Surplus (Note 1)	65,314,600	55,526,538
Total capital and surplus	93,923,910	83,030,518
	<u>\$1,241,347,850</u>	<u>\$1,108,552,246</u>

Note 1—The accrual method of accounting was adopted in 1967. This change and certain other adjustments resulted in increasing consolidated surplus at January 1, 1967 by \$3,288,551 and increasing comparative consolidated net operating income by approximately 10¢ per share. The 1966 statements have not been restated but the differences are not considered to be material.

Note 2—Capital stock consists of 6,000,000 authorized shares of \$6.66⅔ par value per share. In November 1967 a 4% stock dividend was declared. After adjustment for the stock dividend, outstanding shares totaled 4,290,621 at January 1, 1967 and 4,291,397 at December 31, 1967.

Note 3—The Corporation and its affiliates have a trustee non-contributory pension plan covering substantially all of their employees. Pension expense for the year and payments to the pension fund totaled \$810,000, which includes amortization of prior service cost over approximately ten years.

BancOhio Corporation and Affiliated Banks

CONSOLIDATED STATEMENT OF INCOME AND SURPLUS

	Year ended December 31,	
	1967	1966
Operating income:		
Interest on loans	\$33,638,696	\$30,107,317
Interest and dividends on securities	17,082,951	12,846,157
Service charges on deposit accounts	2,890,688	2,753,190
Other operating income	2,482,959	2,212,697
	<u>56,095,294</u>	<u>47,919,361</u>
Operating expenses:		
Interest paid	19,985,406	14,690,021
Salaries and retirement benefits	12,185,299	11,196,144
Depreciation	852,385	822,403
Taxes, other than income taxes	2,246,308	1,910,007
Other operating expenses	5,457,028	4,885,234
	<u>40,726,426</u>	<u>33,503,809</u>
Operating income less operating expenses	15,368,868	14,415,552
Provision for income taxes on operating income	3,920,522	4,203,869
Net operating income	11,448,346	10,211,683
Minority interest in net operating income	160,325	146,527
Consolidated net operating income - \$2.63 a share in 1967 and \$2.35 in 1966 (Note 1)	<u>11,288,021</u>	<u>10,065,156</u>
Additions or (deductions) after related taxes:		
Net gain or (loss) on security sales - gains of \$228,348 in 1967 and losses of \$454,596 in 1966 on sales of U. S. Treasury securities were credited or charged to reserve for market depreciation	99,432	(31,712)
Transfers to reserves for possible future loan losses	(345,539)	(1,200,644)
Other items	73,587	(12,886)
Transfer to surplus	<u>11,115,501</u>	<u>8,819,914</u>
Dividends declared:		
Stock dividend - 165,053 shares in 1967 at \$30.05 a share and 165,023 shares in 1966 at \$27.74 a share, approximate market values at dates of declaration	4,959,843	4,577,803
Less - excess of market value over par value	3,859,493	3,519,963
Amount transferred to capital stock account	<u>1,100,350</u>	<u>1,057,840</u>
Cash dividends - \$.83 a share in 1967 and \$.71 in 1966	3,548,606	3,054,187
	<u>4,648,956</u>	<u>4,112,027</u>
Excess of minority interests' share of equity in net assets of subsidiary bank over par value of BancOhio capital stock issued therefor	14,682	23,202
Adjustments for other changes in minority interests in subsidiary banks	18,284	24,932
Consolidated surplus at beginning of year:		
As previously reported	55,526,538	50,770,517
Adjustment (Note 1)	3,288,551	
As restated	<u>58,815,089</u>	<u>50,770,517</u>
Consolidated surplus at end of year	<u>\$65,314,600</u>	<u>\$55,526,538</u>

See page 5 for notes to this statement

BancOhio Corporation (Parent company only)

BALANCE SHEET

	December 31,	
	1967	1966
ASSETS		
Deposit in subsidiary bank	\$ 99,334	\$ 130,208
U.S. Treasury and federal agency securities, at amortized cost (approximate market)	2,245,304	2,400,146
Receivable from wholly-owned real estate subsidiary (Note 1)	165,000	165,000
Loans to directors of subsidiary banks	299,498	296,018
Investments in shares of subsidiary banks (acquired for BancOhio capital stock and cash) stated on basis of equity in net assets of the banks at December 31, 1967 as shown by accounts submitted by responsible officials of the respective subsidiaries and in published statements	91,041,600	80,055,051
Other assets	95,514	32,069
	<u>\$93,946,250</u>	<u>\$83,078,492</u>
LIABILITIES		
Accrued liabilities	\$ 22,340	\$ 47,974
Capital stock (Note 2)	28,609,310	27,503,980
Surplus:		
Capital surplus	42,790,239	38,916,064
Surplus from increase in equity in net assets of subsidiary banks since December 31, 1934 (less stock dividends totaling \$52,003,135)	17,618,736	11,630,594
Earned surplus - since December 31, 1934	4,905,625	4,979,880
Total surplus	<u>65,314,600</u>	<u>55,526,538</u>
	<u>\$93,946,250</u>	<u>\$83,078,492</u>

Note 1—The principal portion of properties held by the real estate company is occupied by an affiliated bank. The operations of the real estate company are not significant.

Note 2—Capital stock consists of 6,000,000 authorized shares of \$6.66 $\frac{2}{3}$ par value per share. In November 1967 a 4% stock dividend was declared. After adjustment for the stock dividend, outstanding shares totaled 4,290,621 at January 1, 1967 and 4,291,397 at December 31, 1967.

Note 3—The Corporation and its affiliates have a trustee non-contributory pension plan covering substantially all of their employees. The Corporation's pension expense for the year and payments to the pension fund totaled \$30,000, which includes amortization of prior service cost over approximately ten years.

PRICE WATERHOUSE & CO.

100 East Broad Street
Columbus 43215
January 15, 1968

To the Board of Directors of
BancOhio Corporation

We have examined the balance sheet of BancOhio Corporation (parent company only) as of December 31, 1967 and the related statement of income and surplus for the year. We have not examined the financial statements of the subsidiary banks, the investments in which are stated in the balance sheet of BancOhio Corporation on the basis of its equity in the banks' net assets as shown by their financial statements. In all other respects, our examination was made in accordance with generally accepted auditing standards and accordingly included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances.

Inasmuch as the financial statements of the subsidiary banks were not examined by us, we are not in a position to express an opinion on the December 31, 1967 financial statements of BancOhio Corporation (parent company) taken as a whole. However, except for the amount carried for the investments in the subsidiary banks and the surplus account resulting from the basis used for expressing the amount of the investments, it is our opinion that the accompanying balance sheet and statement of income and surplus of the parent company—BancOhio Corporation—present fairly its financial position at December 31, 1967 and the results of its operations for the year then ended in conformity with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

Price Waterhouse & Co.

BancOhio Corporation (Parent company only)

STATEMENT OF INCOME AND SURPLUS

	Year ended December 31,	
	1967	1966
Income:		
Dividends from subsidiaries	\$ 3,423,853	\$ 3,270,410
Interest	165,012	164,483
Other	8,082	
	<u>3,596,947</u>	<u>3,434,893</u>
Expenses:		
Salaries, sundry taxes and other operating expenses	740,568	765,229
Less - service charges to subsidiaries	642,185	642,185
	<u>98,383</u>	<u>123,044</u>
Income before federal income taxes	3,498,564	3,311,849
Federal income taxes	24,213	22,000
Net income for the year	3,474,351	3,289,849
Cash dividends paid - \$.83 a share in 1967 and \$.71 in 1966	3,548,606	3,054,187
	<u>(74,255)</u>	<u>235,662</u>
Earned surplus at beginning of year	4,979,880	4,744,218
Earned surplus at end of year	<u>\$ 4,905,625</u>	<u>\$ 4,979,880</u>
Surplus from increase since December 31, 1934 in equity in net assets of subsidiary banks (less stock dividends totaling \$52,003,135):		
Balance at beginning of year	\$11,630,594	\$10,653,400
Increase in equity in net assets during the year	10,929,701	5,530,065
Stock dividend declared - 165,053 shares in 1967 at \$30.05 a share and 165,023 shares in 1966 at \$27.74 a share, approximate market values at dates of declaration	(4,959,843)	(4,577,803)
Other adjustments	18,284	24,932
Balance at end of year	<u>\$17,618,736</u>	<u>\$11,630,594</u>
Capital surplus:		
Balance at beginning of year	\$38,916,064	\$35,372,899
Excess of market value over par value of BancOhio capital stock issued as stock dividends	3,859,493	3,519,963
Other adjustments	14,682	23,202
Balance at end of year	<u>\$42,790,239</u>	<u>\$38,916,064</u>

See page 7 for notes to this statement

The BancOhio Banks

ASSETS, DEPOSITS AND CAPITAL FUNDS

COMBINED AT
December 31, 1967

	Assets (Note)	Deposits (Note)	Capital Funds	Number of Banking Offices
NATIONAL BANKS:				
The Ohio National Bank of Columbus	\$ 721,591,315	\$ 619,782,228	\$55,627,453	27
The First National Bank of Cadiz	11,620,661	10,136,807	920,190	1
The First National Bank of Chillicothe	31,286,532	27,938,420	2,147,363	3
The Second National Bank of Circleville	9,056,453	8,021,826	683,469	1
First National Bank of Coshocton	35,330,648	32,312,952	2,097,027	2
The First National Bank of Delaware	26,454,901	23,811,632	1,878,684	4
The First National Bank of Jackson	21,536,898	19,229,852	1,829,876	1
The Hocking Valley National Bank of Lancaster	26,633,953	24,172,436	1,395,063	4
The First National Bank of London	11,806,243	10,374,375	991,602	1
The First National Bank of Marysville	15,127,948	13,399,214	1,138,986	1
The First National Bank of Newark	36,553,591	31,770,836	2,811,429	4
The National Bank of Portsmouth	25,079,012	22,154,240	1,477,545	3
The First National Bank of Springfield	68,600,922	58,340,329	4,553,621	4
First National Bank of Tiffin	16,684,675	14,923,021	1,143,855	2
The First National Bank of Washington Court House	15,754,577	13,967,474	1,126,247	2
The First National Bank of Wilmington	10,911,522	9,436,394	875,163	2
The Citizens National Bank in Zanesville	31,934,590	28,328,471	2,490,677	3
STATE BANKS:				
The Ohio State Bank Columbus	42,644,814	38,903,262	3,209,836	10
The Kenton Savings Bank Kenton	10,888,534	10,053,965	620,919	4
The Farmers and Merchants Bank of Logan	16,620,071	14,406,238	1,355,922	1
The Knox County Savings Bank Mount Vernon	16,816,444	14,643,688	1,377,028	2
The Perry County Bank New Lexington	5,580,517	5,001,083	421,246	1
The Worthington Savings Bank Worthington	35,074,939	31,040,402	2,114,584	3
	<u>\$1,243,589,760</u>	<u>\$1,082,149,145</u>	<u>\$92,287,785</u>	<u>86</u>

NOTE: Includes interbank deposits of approximately \$5,047,000. Reserves for possible future loan losses and other valuation reserves have been deducted from total assets.

ANALYSIS OF RESERVES FOR LOAN LOSSES

	Year ended December 31,	
	1967	1966
Balance at beginning of year	\$12,134,426	\$10,237,275
Add:		
Transfers to reserves	674,283	2,273,392
	<u>12,808,709</u>	<u>12,510,667</u>
Deduct:		
Losses charged to reserves	448,281	555,688
Less recoveries credited to reserves	183,488	179,447
Net losses	<u>264,793</u>	<u>376,241</u>
Balance at end of year*	<u>\$12,543,916</u>	<u>\$12,134,426</u>

*Includes \$11,528,085 (1966 - \$11,107,995) deducted under the reserve method of accounting for bad debts.

BancOhio Corporation And Affiliated Banks

CONSOLIDATED TEN YEAR FINANCIAL SUMMARY

(In thousands of dollars
except per share amounts)

Income Statement And Dividends

Year	Gross Operating Income	Operating Expenses	Income Taxes On Operating Income	Minority Interest In Operating Income
1967	56,095	40,726	3,921	160
1966	47,919	33,504	4,204	146
1965	41,155	28,721	3,919	110
1964	37,610	23,883	5,213	117
1963	34,991	21,941	5,207	131
1962	32,888	19,929	5,310	130
1961	29,703	18,260	4,800	121
1960	28,748	16,691	5,261	119
1959	25,130	14,667	4,546	105
1958	21,790	13,040	3,748	97

Balance Sheet

Year	Loans	U. S. Treasury Securities	State and Municipal Securities	Other Securities
1967	584,408	178,174	218,929	37,003
1966	576,754	124,590	188,626	38,680
1965	509,284	134,461	166,042	29,040
1964	421,702	143,691	128,620	27,007
1963	389,793	167,379	112,448	40,816
1962	350,275	196,581	95,497	36,430
1961	319,093	202,700	89,154	31,564
1960	295,616	186,776	72,556	30,293
1959	258,984	202,952	77,092	17,337
1958	220,406	250,845	70,914	11,121

Net Operating Income			Transfer to Surplus		Cash Dividends	
Amount	Per Share	Nonoperating Additions or (Deductions)	Amount	Per Share	Amount	Per Share
11,288	2.63	(172)	11,116	2.59	3,549	.83
10,065	2.35	(1,245)	8,820	2.06	3,054	.71
8,405	1.99	(821)	7,584	1.80	2,696	.63
8,397	1.99	(512)	7,885	1.87	2,452	.59
7,712	1.83	(392)	7,320	1.74	2,335	.56
7,519	1.78	(311)	7,208	1.71	2,203	.52
6,522	1.55	325	6,847	1.62	2,098	.50
6,677	1.59	(529)	6,148	1.46	1,732	.41
5,812	1.37	(490)	5,322	1.26	1,601	.38
4,905	1.18	(419)	4,486	1.08	1,482	.36

		Capital and Surplus		Capital, Surplus and Loan Reserves	
Total Assets	Deposits	Amount	Per Share	Amount	Per Share
1,241,348	1,077,003	93,924	21.89	106,468	24.81
1,108,552	969,745	83,031	19.36	95,165	22.18
1,012,383	896,935	77,209	18.00	87,446	20.38
899,904	804,058	70,569	16.73	79,320	18.81
851,138	760,953	65,066	15.43	73,176	17.36
840,521	751,514	60,012	14.23	67,457	16.00
802,105	721,512	54,997	13.05	61,848	14.67
734,641	657,999	50,247	11.91	57,001	13.52
712,252	655,765	45,763	10.86	51,677	12.27
697,270	644,882	41,934	9.96	47,200	11.21

The accrual method of accounting was adopted in 1967. Amounts as reported for prior years have not been restated; however, this change and certain other adjustments resulted in increasing consolidated surplus at January 1, 1967 by 77¢ per share and increasing comparative consolidated net operating income by approximately 10¢ per share.

Per share amounts of net operating income and transfer to surplus are based on average shares outstanding during year. All per share amounts are adjusted to reflect 3 for 1 stock split effective January 14, 1966 and the following stock dividends:

1958—7%	1960—6%	1962—6%	1964—6%	1967—4%
1959—5%	1961—5%	1963—5%	1966—4%	

Loans, U.S. Treasury securities and total assets are stated net after deducting reserves.

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EXECUTIVE OFFICES

51 North High Street
Columbus, Ohio 43216

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TRANSFER AGENT

The Ohio National Bank of Columbus
51 North High Street
Columbus, Ohio 43216

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